

# Teacher Lesson Plan

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## Module 7—Standard Deduction

### Time Frame

One to three class periods

### Curriculum Area(s)

Technology

Civics/Government

Family and Consumer Sciences

History/Social Studies

Economics

### Purpose

To help students understand the standard deduction and how it affects income that is subject to tax

### Objectives

Students will be able to

- Explain how the standard deduction affects income that is subject to tax.
- Identify the factors that determine the standard deduction amount.

### Materials

#### *Online*

[Student Lesson—Standard Deduction](#)

[Tax Tutorial—Standard Deduction](#)

[Simulation 7A—Completing a Tax Return as a Dependent](#)

[Simulation 7B—Completing a Tax Return Using Married Filing Separate Filing Status](#)

[Assessment—Standard Deduction](#)

[Assessment Solutions—Standard Deduction](#)

#### *Print (PDF)*

[Fact Sheet—Standard Deduction](#)

[Teacher Lesson Plan—Standard Deduction](#)

#### *Tax Forms*

[Form 1040, U.S. Individual Income Tax Return](#)

## Background

The standard deduction reduces the income that is subject to tax. The amount of the standard deduction depends on

- the filing status,
- the age of the taxpayer and spouse,
- whether the taxpayer or spouse is blind, and
- whether the taxpayer can be claimed as a dependent on another taxpayer's return.

## Key Terms

***adjusted gross income***—Gross income reduced by certain amounts, such as a deductible IRA contribution or student loan interest

***standard deduction***—Reduces the income subject to tax and varies depending on filing status, age, blindness, and dependency.

## Opening the Lesson

Hand out Fact Sheet—Standard Deduction. Use the following questions to prompt students to share their knowledge of the standard deduction:

- Why do taxpayers choose a filing status? **In Module 4, students learned that the filing status determines the tax rates used to compute the income tax. For most taxpayers, the filing status is also used to determine the standard deduction. This is important because the standard deduction amount reduces the income that is subject to tax.**

Then, explain that this lesson covers the different factors that determine the standard deduction amount.

Note: For students who may want to work independently on this module, refer them to Student Lesson—Standard Deduction.

## Developing the Lesson

Direct students to Tax Tutorial—Standard Deduction, and explain that this tax tutorial focuses on the standard deduction. Tell students that they will learn how the standard deduction is determined and how it affects income that is subject to tax. Inform students that they will have an opportunity to see how the standard deduction and exemptions appear on a tax return.

## Online Activity

Direct students to Simulation 7A—Completing a Tax Return as a Dependent. Explain to students that by using the information provided they will complete a Form 1040EZ for Monica Lindo, a single taxpayer.

Then, direct students to Simulation 7B—Completing a Tax Return Using Married Filing Separate Filing Status. Explain to students that by using information provided they will complete a Form 1040A for Belinda Russell, a married woman who chooses to file her taxes separately.

## Concluding the Lesson

After students have completed Tax Tutorial—Standard Deduction, Simulation 7A—Completing a Tax Return as a Dependent, and Simulation 7B—Completing a Tax Return Using Married Filing Separate Filing Status ask whether they have any questions about the standard deduction. To ensure that they understand the material, ask the following questions:

- What are two factors that might be used to determine the standard deduction?  
**The standard deduction is determined by filing status, age, whether the taxpayer or spouse is blind, and whether the taxpayer or spouse can be claimed as a dependent on another taxpayer's return.**
- Would you rather have a large or small standard deduction? **Large; the larger the standard deduction, the smaller the taxable income.**

## Assessment

As a final review, summarize the major lesson points. Remind students that the standard deduction reduces the income that is subject to tax and that the standard deduction amount is based on several factors, including filing status, age, whether the taxpayer or spouse is blind, and whether the taxpayer or spouse can be claimed as a dependent on another taxpayer's return. When students are comfortable with the material, have them complete Assessment—Standard Deduction.

# Assessment

## Module 7: Standard Deduction

[View Score](#)

### Part 1

Indicate whether each of the statements below is true or false by clicking on the correct answer. To assess your answers, click the *Check My Answers* button at the bottom of the page.

1) The highest standard deduction amount is associated with the qualifying widow(er) with dependent child filing status and married filing a joint return.

- A. True [No answer given: The correct answer is A.](#)  
B. False

2) The lowest standard deduction amount is associated with the single filing status, and married filing a separate return.

- A. True [No answer given: The correct answer is A.](#)  
B. False

3) The standard deduction amount affects the number of exemptions.

- A. True  
B. False [No answer given: The correct answer is B.](#)

4) The higher the standard deduction amount the lower the taxable income.

- A. True [No answer given: The correct answer is A.](#)  
B. False

5) A taxpayer who can be claimed as a dependent on another taxpayer's return must claim the standard deduction for his or her filing status.

- A. True [No answer given: The correct answer is A.](#)  
B. False

### Part 2

Review Form 1040 for Mr. and Mrs. Inohara by clicking the button *View Form 1040*. Then, answer the following questions by typing your answers in the space provided or clicking on the correct answers. To assess your answers, click the *Check My Answers* button at the bottom of the page.

[View Form 1040](#)

1) What is the filing status?

- A. Head of Household  
B. Married filing a separate return  
C. Single  
D. Married filing a joint return [No answer given: The correct answer is D.](#)

**2) How many personal exemptions did the taxpayers claim?**

No answer given: The correct answer is 2.

**3) Which taxpayers are claimed as dependents? Separate your answers with commas.**

No answer given: The correct answer is Kotaro Inohara, Yamanaka Inohara.

**4) What is the standard deduction amount entered on line 40?**

No answer given: The correct answer is \$10,700.

**5) Why is the standard deduction amount on line 40 greater than the amount shown in the box in the left margin for married filing jointly?**

A. The taxpayer is 65 years of age or older. No answer given: The correct answer is A.

B. The taxpayer is blind.

C. The standard deduction is higher because the taxpayer has children.

**6) The amount on line 42 was calculated by multiplying \$3,400 (the exemption amount in 2007) by 4 exemptions.**

A. True No answer given: The correct answer is A.

B. False

Score	
Correct	0
Incorrect	0
Not Answered	11

Filing Status

Check only one box.

- 1

☐ Single
- 2

☐ Married filing jointly (even if only one had income)
- 3

☐ Married filing separately. Enter spouse's SSN above and full name here. ▶
- 4

☐ Head of household (with qualifying person). (See page 17.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶
- 5

☐ Qualifying widow(er) with dependent child (see page 17)

Exemptions

- 6a

☐ Yourself. If someone can claim you as a dependent, **do not** check box 6a
- b

☐ Spouse

c Dependents:		(2) Dependent's social security number	(3) Dependent's relationship to you	(4) <input checked="" type="checkbox"/> if qualifying child for child tax credit (see page 19)
(1) First name	Last name			
				<input type="checkbox"/>
				<input type="checkbox"/>
				<input type="checkbox"/>
				<input type="checkbox"/>

- d

Total number of exemptions claimed

Boxes checked on 6a and 6b

No. of children on 6c who:

• lived with you

• did not live with you due to divorce or separation (see page 20)

Dependents on 6c not entered above

Add numbers on lines above

If more than four dependents, see page 19.

# Tax and Credits

## Standard Deduction for—

- People who checked any box on line 39a or 39b or who can be

- 38** Amount from line 37 (adjusted gross income) . . . . .
- 39a** Check  $\left\{ \begin{array}{l} \square \text{ You were born before January 2, 1943,} \\ \square \text{ Spouse was born before January 2, 1943,} \end{array} \right.$   $\left\{ \begin{array}{l} \square \text{ Blind.} \\ \square \text{ Blind.} \end{array} \right.$  **Total boxes checked**  $\blacktriangleright$  **39a**
- b** If your spouse itemizes on a separate return or you were a dual-status alien, see page 34 and check here  $\blacktriangleright$  **39b**
- 40** **Itemized deductions** (from Schedule A) or your **standard deduction** (see left margin) . . .
- 41** Subtract line 40 from line 38 . . . . .
- 42** If line 38 is \$117,300 or less, multiply \$3,400 by the total number of exemptions claimed on line 6d. If line 38 is over \$117,300, see the worksheet on page XX . . . . .
- 43** **Taxable income.** Subtract line 42 from line 41. If line 42 is more than line 41, enter -0- . . .

**38****38****40****41****42****43**